

**HOMELESS VETERANS FELLOWSHIP  
FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED DECEMBER 31, 2008**



## **C O N T E N T S**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-9
Independent Auditors' Report on Additional Information .....	10
Schedule of Functional Expenses .....	11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards .....	12-13
Report on State Legal Compliance .....	14



INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Homeless Veterans Fellowship  
Ogden, Utah

We have audited the accompanying statement of financial position of Homeless Veterans Fellowship (A non-profit organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless Veterans Fellowship as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2009 on our consideration of Homeless Veterans Fellowship's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Wood Richards & Associates

Ogden, Utah  
March 3, 2009



**HOMELESS VETERANS FELLOWSHIP**  
**(A Non-profit Organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 175,059
Accounts receivable	87,823
Investments	<u>47,407</u>
<b>Total Current Assets</b>	<u>310,289</u>
<b>Property and Equipment</b>	
Buildings	1,026,717
Equipment and furniture	25,392
Land	<u>60,000</u>
	1,112,109
Less: Accumulated depreciation	<u>(246,623)</u>
<b>Net Property and Equipment</b>	<u>865,486</u>
Deposits	<u>850</u>
<b>Total Assets</b>	<u><u>\$ 1,176,625</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 27,619
Accrued expenses	6,717
Current portion of long-term debt	<u>17,071</u>
<b>Total Current Liabilities</b>	<u>51,407</u>
<b>Long-term Debt</b>	
Notes payable	212,352
Less: Current portion of long-term debt	<u>(17,071)</u>
<b>Total Long-Term Debt</b>	<u>195,281</u>
<b>Total Liabilities</b>	<u>246,688</u>
<b>Net Assets - Unrestricted</b>	
Fixed assets	653,134
Designated for personnel costs	5,339
Designated for capital improvements	60,000
Operations	<u>211,464</u>
<b>Total Net Assets</b>	<u>929,937</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,176,625</u></u>

The accompanying notes are an integral part of these financial statements.



HOMELESS VETERANS FELLOWSHIP  
(A Non-profit Organization)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

<b>Support:</b>	
Housing and Urban Development Grant	\$ 41,863
Pamela Atkinson Homeless Trust Fund	53,120
Other Grants	494
Corporation Sponsor Donations	2,804
United Way	20,145
In-Kind Donations	20,778
Private Donations	7,558
<b>Total Support Revenue</b>	<b>146,762</b>
<b>Program Revenue:</b>	
Program Fees	11,966
VA Housing	316,627
Rent	3,473
Other Fees	532
<b>Total Program Revenue</b>	<b>332,598</b>
<b>Other Income:</b>	
Interest Income	1,026
Refunds	2,769
Unrealized Gain (Loss)	9,915
<b>Total Other Income</b>	<b>13,710</b>
<b>Total Public Support &amp; Revenues</b>	<b>493,070</b>
<b>Expenses:</b>	
Program Services	446,526
Supporting Services	62,381
<b>Total General Expenses</b>	<b>508,907</b>
<b>Change in net assets</b>	<b>(15,837)</b>
<b>Net assets at beginning of year</b>	<b>961,290</b>
<b>Prior year adjustment</b>	<b>(15,516)</b>
<b>Net assets at beginning of year restated</b>	<b>945,774</b>
<b>Net assets at end of year</b>	<b>\$ 929,937</b>

The accompanying notes are an integral part of these financial statements.



**HOMELESS VETERANS FELLOWSHIP**  
**(A Non-profit Organization)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ (15,837)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation expense	34,336
(Increase) decrease in accounts receivable	(20,363)
(Increase) decrease in deposits	-
Increase (decrease) in accounts payable	21,276
Increase (decrease) in accrued expenses	<u>(3,568)</u>
Net cash from operating activities	<u>15,844</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	(91,870)
Increase in investments	<u>(9,915)</u>
Net cash used by investing activities	<u>(101,785)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on long-term debt	<u>(13,240)</u>
Net cash used by financing activities	<u>(13,240)</u>

Increase in Cash	(99,181)
Cash, beginning of year	<u>274,240</u>
Cash, end of year	<u><u>\$ 175,059</u></u>

Total interest paid during the year	\$ 11,448
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**Noncash investing and financing transactions:**

Acquisition of fixed assets through long-term financing	\$ -
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The accompanying notes are an integral part of these financial statements.



**HOMELESS VETERANS FELLOWSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008**

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Homeless Veterans Fellowship was organized to provide transitional housing and other rehabilitative services to homeless veterans. Presently the fellowship operates homes, which are used in providing shelter to homeless veterans entering into the Fellowships programs. The Fellowship also assists the poor, transients, alcoholics and other needy persons in obtaining financial, medical, and other related benefits to which they may be entitled. The Organization receives the majority of its revenue from federal and state grants. Other revenues come from donations, program fees, rent, and investment income.

**Basis of Accounting**

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Donated Goods and Services**

The Organization receives significant amounts of donated materials for the Organization to sell or use in its programs or supporting services. Donations include food, clothing, furniture, equipment, facilities or bargain purchases of the same at less than fair value. Volunteers provide the Organization with significant amounts of free services, including administrative services, fund and material raising drives and the beneficiaries; they are not recorded in the financial statements of the Organization.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances that management expects to collect. Management uses an allowance for uncollectible amounts through a provision for bad debt expense based on experience, contracts, and other circumstances. All receivables are based on contracts with governmental agencies; therefore, no allowance existed at year end.



**HOMELESS VETERANS FELLOWSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008**

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**Property, Equipment and Depreciation**

Property and equipment are carried at cost when purchased and fair value when contributed. Expenditures for property and equipment are capitalized. Depreciation is provided using the straight-line method at rates based on estimated useful lives.

**Income Taxes**

Homeless Veterans Fellowship is exempt from federal income taxes; under Section 501(c)(3) of the Internal Revenue Code. Homeless Veterans Fellowship is also exempt from Utah income taxes, and therefore, has made no provision for federal or state income taxes.

**Support and Revenue**

The Organization receives funding from public sources. The Organization also receives a reduced rent from individuals receiving services based on their income levels.

**Uses of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates. The corporation does not believe that any of its accounts receivable will prove uncollectible. Accordingly, a reserve for bad debts has not been recorded.

**B. CASH**

As of December 31, 2008, the carrying amount of the Organization's deposits was \$175,059. The bank balance was \$191,836. Of the bank balance, \$191,836 was covered by federal depository insurance.



**HOMELESS VETERANS FELLOWSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008**

**C. INVESTMENTS**

Investments are reported on the basis of quoted market prices and consist of equity securities invested in Merit Medical Stock, which were donated to the Organization.

	Fair value at beginning of year	Fair value at year end	Unrealized gain
Merit Medical Stock	\$ 37,492	\$ 47,407	\$ 9,915

**D. SUPPORT AND REVENUES**

The Organization receives the majority of its funding from public sources as shown in the financial statements. The Organization also receives a reduced rent from individuals receiving services based on their income levels.

**E. NOTES PAYABLE**

During the year ended December 31, 2000 the Organization entered into a note payable through Ogden City CDBG funds in the amount of \$88,968. Payments and interest are paid to U.S.E. Community Services in the amount of \$780 per month. The note bears no interest and the balance will be fully satisfied in 2010. The building acquired with the proceeds from this loan is pledged as collateral.

The following is a schedule of the note payable:

2009	\$ 9,365
2010	3,862
Total	<u>\$ 13,227</u>

In April 2005 the Organization entered into a note payable to the Olene Walker Housing Loan Fund. The purpose of the loan was to purchase an additional housing facility for \$24,000. The note requires monthly payments of \$100 for 20 years. The note bears no interest and will be fully satisfied in 2025. The building acquired with the proceeds from this loan is pledged as collateral.

The following is a schedule of the note payable:

2009	\$ 1,200
2010	1,200
2011	1,200
2012	1,200
2013	1,200
Thereafter	13,600
Total	<u>\$ 18,400</u>



**HOMELESS VETERANS FELLOWSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008**

**E. NOTES PAYABLE (continued)**

In March 2007 the Organization entered into an additional note payable to the Olene Walker Housing Loan Fund. The purpose of the loan was to purchase an additional housing facility for \$35,600. The note requires monthly payments of \$148 for 20 years. The note bears no interest, payments will begin in 2009, and will be fully satisfied in 2029. The building acquired with the proceeds from this loan is pledged as collateral.

The following is a schedule of the note payable:

2009	\$ 1,800
2010	1,800
2011	1,800
2012	1,800
2013	1,800
Thereafter	26,600
Total	<u>\$ 35,600</u>

In January 2007 the Organization entered into a note payable with Zions Bank. The purpose of the loan was to purchase an additional housing facility for \$150,000. The note requires monthly payments of \$1,250 for 20 years. The note bears an interest rate of 7.875% and will be fully satisfied in 2027. The building acquired with the proceeds from this loan is pledged as collateral. All of the interest expense in 2008 was expensed and none was capitalized.

The following is a schedule of the note payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2009	\$ 3,846	\$ 11,157	\$ 15,003
2010	4,160	10,843	15,003
2011	4,499	10,504	15,003
2012	4,867	10,136	15,003
2013	5,264	9,739	15,003
Thereafter	120,699	71,385	192,084
Total	<u>\$ 143,335</u>	<u>\$ 123,764</u>	<u>\$ 267,099</u>

**F. RESTRICTIONS ON NET ASSETS**

**Unrestricted net assets** – consist of net assets available with no restrictions placed on their use by the donors. Those include any Board Designated Funds where the Board has control over how funds are to be spent.

The use of certain net assets is limited by their nature, specifically fixed assets. The Board of Directors has also designated \$60,000 in net assets for future capital improvements and \$5,339 for future personnel costs.



**HOMELESS VETERANS FELLOWSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008**

**F. RESTRICTIONS ON NET ASSETS (continued)**

The following is a schedule of the unrestricted net assets:

Property and equipment	\$1,112,109
Less: Accumulated depreciation	(246,623)
Less: Related debt	<u>(212,352)</u>
	653,134
Designated cash	65,339
Unrestricted for operations	<u>211,464</u>
	<u>\$ 929,937</u>

**G. PENSION AND BENEFIT PLANS**

The Organization participates in a 403(B) retirement plan with all full-time employees. Employees are eligible after 90 days of employment. The Organization contributes a maximum of \$6,000 to each employee in the form of health care benefits and/or retirement plan contributions.

**H. CONCENTRATIONS**

In 2008 the Organization received \$316,527 in program revenues from the VA Housing. This represents 64% of total public support and revenues. If the funding from VA Housing were cut off, or drastically reduced, it would have a large impact on the operations of Homeless Veterans Fellowship.

**I. PRIOR YEAR ADJUSTMENT**

The prior year adjustment represents the offset of receivables on the accounting records from 2007 that should not have existed.



**INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION**

To the Board of Directors  
Homeless Veterans Fellowship

Our report on our audit of the basic financial statements of Homeless Veterans Fellowship for 2008 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wood Richards & Associates*

Ogden, UT  
March 3, 2009



**HOMELESS VETERANS FELLOWSHIP  
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Personnel costs	\$ 258,470	\$ 44,059	\$ 302,529
In-kind donations	20,778	-	20,778
Depreciation	34,336	-	34,336
Advertising	125	23	148
Insurance	16,987	-	16,987
Interest	11,448	-	11,448
Professional services	-	4,384	4,384
Rental	949	-	949
Repairs & maintenance	25,203	-	25,203
Resident assistance	23,727	-	23,727
Education & conference	5,484	-	5,484
Office expense	3,327	3,327	6,654
Tax & licenses	-	2,997	2,997
Telephone	6,751	750	7,501
Utilities	33,883	1,783	35,666
Auto & travel	5,058	5,058	10,116
Total Expenses	<u>\$ 446,526</u>	<u>\$ 62,381</u>	<u>\$ 508,907</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Homeless Veterans Fellowship  
Ogden, Utah

We have audited the financial statements of Homeless Veterans Fellowship (a nonprofit corporation) as of and for the year ended December 31, 2008, and have issued our report thereon dated March 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Homeless Veterans Fellowship's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Homeless Veterans Fellowship financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates  
Ogden, UT  
March 3, 2009



**INDEPENDENT AUDITOR'S REPORT**  
**STATE OF UTAH LEGAL COMPLIANCE**

Homeless Veterans Fellowship  
Ogden, Utah

We have audited the financial statements of Homeless Veterans Fellowship, a nonprofit organization, for the year ended December 31, 2008, and have issued our report thereon dated March 3, 2009. As part of our audit, we have audited Homeless Veterans Fellowship's compliance with the requirements of the provider contracts determined to be major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2008. Homeless Veterans Fellowship received the following major assistance program from the State of Utah:

Pamela Atkinson Homeless Trust Fund (PAHTF)

The management of Homeless Veterans Fellowship is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Homeless Veterans Fellowship's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Homeless Veterans Fellowship complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2008.

Wood Richards & Associates

March 3, 2009